

Patricia M. French
Senior Attorney
Legal

300 Friberg Parkway
Westborough, MA 01581
(508) 836.7394
Fax: (508) 836.7039
pfrench@nisource.com

RECEIVED
2004 JUN -1 AM 9:54

MAINE PUBLIC
UTIL. COMM

May 28, 2004

VIA ELECTRONIC AND OVERNIGHT MAIL

Dennis L. Keschl, Administrative Director
State of Maine
Public Utilities Commission
242 State Street, State House Station 18
Augusta, Maine 04333

Re: Northern Utilities, Inc., Docket No. 2003-731

Dear Mr. Keschl:

Pursuant to an extension granted by the Commission in this docket, the parties must file with the Commission certain factual information or the terms of a settlement by June 1, 2004. This letter summarizes the parties' settlement efforts and seeks an extension of the Commission's requirement until Friday, July 30, 2004.

On April 29, 2004, RMH Properties, Inc. ("RMH") provided Northern Utilities, Inc. ("Northern") with some information concerning its past and current oil usage at the Biddeford Mill property and additional information requested by Northern regarding the burners installed at that location. Northern has commenced researching the natural gas consumption at "comparable" locations in its service territory. Since Northern has been able to locate only one property in Lewiston comparable but larger than the Biddeford property, RMH has requested Northern seek out comparable locations in Bay State Gas Company's northern Massachusetts service area in Lawrence. That search has just commenced. In addition, as of today, Northern has provided RMH with the equivalent degree days ("EDD") as determined for the Biddeford location, and has determined a use per degree day ("UDD") calculation based on the EDD, records of oil usage on the location, and gas usage at the comparable Lewiston location. Northern is proceeding to apply that UDD to Northern's rates in effect at the time and will exchange that information with RMH when it is calculated. The parties have not yet exchanged firm settlement offers or engaged in settlement discussions, but expect to do so after their respective fact-gathering efforts have been completed.

Accordingly, given that additional tasks are required and vacations are scheduled for the summer months, Northern requests additional time to determine whether a

RECEIVED
2004 JUN -1 AM 1:00
MAINE PUBLIC
UTIL. COMM
Extended
granted
By Order
Hearing Examiner
George B. Stump
6/2/04

settlement can be reached by the parties without necessitating Commission staff involvement. Northern proposes, with RMH's assent, that the parties report back to the Commission on or before Friday, July 30, 2004 with an additional status report and/or a settlement agreement for the Commission's review and approval.

Kindly date stamp the additional copy enclosed for this purpose and return it to us in the envelope provided. Thank you kindly for your assistance with this matter.

Very truly yours,

Patricia M. French / *SBK*
Patricia M. French

cc: Joanne Steneck, Esq., General Counsel, MPUC
John Branson, Esq., Chadbourne Law Offices, Counsel for RMH